



U.S. Department of Justice

*United States Attorney
Southern District of New York*

*The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007*

January 16, 2020

BY ECF

The Honorable Vernon S. Broderick
United States District Judge
Southern District of New York
40 Foley Square
New York, New York 10007

Re: *United States v. Christopher Collins,*
S1 18 Cr. 567 (VSB)

Dear Judge Broderick:

The Government respectfully writes in response to certain of the inquiries raised in the Court's January 15, 2020 Order in advance of Christopher Collins's sentencing. The numbered paragraphs below correspond to the numbered inquiries in the Court's Order.

1. Please find enclosed copies of FBI 302s documenting interviews with Christopher Collins, Cameron Collins, Stephen Zarsky, Lauren Zarsky, and Dorothy Zarsky. (Exhibit A)
2. According to information provided to the Government by Cameron Collins's attorneys, the cost basis for Cameron's shares was approximately \$730,000. Funds from other investments were used to purchase these shares.
3. In addition to Christopher Collins's guilty plea allocution, the bases for the statement in paragraph 27 of the PSR are:
 - a. An inference from the entire body of evidence gathered during the investigation, including (a) the timing of Collins's phone calls to Cameron in relation to Collins's learning that the MIS416 trial had failed and (2) the trading in Innate stock that Cameron and other members of Collins's extended family undertook immediately following, and during, communications between Collins and Cameron, all of which took place before the news of the MIS416 trial results became public; and
 - b. Information provided by a witness ("Witness-1") to the Government that, in substance and in part, Collins told Witness-1 that Collins had tipped Cameron with the results of the MIS416 trial at the time Collins learned the results, and that Collins believed that his tipping Cameron was what prompted the insider trading investigation.

4. The basis for the statement in paragraph 28 of the PSR regarding Cameron's effort to space out his sale of Innate shares is information provided by a witness ("Individual-5") to the Government that, in substance and in part, Stephen Zarsky told Individual-5 that Cameron told Zarsky that Cameron would let Zarsky sell Zarsky's Innate shares before Cameron sold his, in order to avoid depressing the price of the shares. The bases for the statement in paragraph 28 of the PSR regarding Cameron and Lauren Zarsky telling Stephen Zarsky and Dorothy Zarsky that the MIS416 trial had failed are:
 - a. An inference from the entire body of evidence gathered during the investigation, including the fact that Cameron and Lauren Zarsky traveled to the home of Stephen Zarsky and Dorothy Zarsky after Cameron was informed of the MIS416 trial results by Christopher Collins, and that Dorothy Zarsky undertook to begin selling her Innate shares that same evening, shortly followed by other members of the extended Collins family; and
 - b. Information provided by Individual-5 to the Government that, in substance and in part, on June 23, 2017, Stephen Zarsky told Individual-5 that Cameron had already told Zarsky that the MIS416 results were negative.
5. Avoided losses for each individual who sold Innate shares during the trading halt were calculated by taking the weighted average of the following: the price of Innate stock when the individual sold it during the trading halt, subtracted by the price of Innate stock on the morning after the news of the negative MIS416 results was released (June 27, 2017), multiplied by the number of shares that the individual sold.
6. Stephen Zarsky paid approximately \$137,239.92 for his shares of Innate. In addition to the information about Cameron Collins contained in paragraph (2) above, he purchased shares of Innate on the OTC market at a cost of approximately \$9,306.02 on or about June 15, 2017.
7. Based on public reporting, on June 22, 2017 the closing price of Innate's stock was \$0.52; on June 23, 2017 it was approximately \$0.547; and on June 26, 2017 it was approximately \$0.455.
8. As of the market close on June 22, 2017, Cameron Collins held shares in Innate worth approximately \$2,712,584.16, and Stephen Zarsky held shares in Innate worth approximately \$157,562.60.
9. Other than Cameron, the only person that Christopher Collins called on the night of June 22, 2017, after receiving the news about Innate's failed drug trial, was Mary Collins, his wife. They spoke at 7:23 PM for five minutes and 21 seconds and at 9:04 PM for about three minutes.
10. The Government respectfully encloses in response to this inquiry a chronology that it prepared in connection with this investigation (*see* Exhibit B).

11. The Government respectfully encloses in response to this inquiry a chronology that it prepared in connection with this investigation (*see* Exhibit B).
12. The basis for the statement in paragraph 38 of the PSR that Christopher Collins and Cameron Collins agreed, in advance of their respective interviews with the FBI, that they would use the fact of the trading suspension as cover if they were ever questioned by law enforcement agents about the timing of Cameron Collins's sale of his Innate shares, is the fact that Christopher Collins, Cameron Collins, and Lauren Zarsky were each interviewed separate by the FBI on the same day, and each falsely attributed Cameron's sale of his Innate shares (and in the case of Lauren Zarsky, the sale of her own Innate shares), to the fact of the trading suspension.
13. The basis for this statement in paragraph 41 of the PSR is information provided by Individual-5 to the Government that, in substance and in part, Stephen Zarsky told Individual-5 that Cameron Collins told Zarsky that Cameron was purchasing an expensive piece of real estate so that if Cameron were ever asked about his sale of Innate shares, he could say that it was to purchase this real estate.
14. An analysis of phone records undertaken following the issuance of the Court's January 15 Order indicates the following:
 - a. In the 18-month time period from January 1, 2016 to June 21, 2017, Christopher Collins placed approximately 24 phone calls to Cameron Collins. During that same time period, Cameron Collins placed approximately 23 phone calls to Christopher Collins.
 - b. In the five-day period from June 22, 2017 to June 26, 2017, Christopher Collins placed approximately 15 phone calls to Cameron Collins, and Cameron Collins placed approximately 11 phone calls to Christopher Collins.
 - c. From January 1, 2016 to June 21, 2017, there were approximately 9 phone calls placed from Cameron Collins's phone to Dorothy Zarsky, and approximately 4 phone calls placed from Dorothy Zarsky to Cameron Collins's phone.
 - d. From January 1, 2016 to June 21, 2017, approximately 7 phone calls were placed from Cameron Collins's phone to Stephen Zarsky, and approximately 14 phone calls were placed from Stephen Zarsky to Cameron Collins's phone.
 - e. From June 22, 2017 to April 24, 2018,¹ Christopher Collins placed approximately 43 phone calls to Cameron Collins, and Cameron Collins placed approximately 44 phone calls to Christopher Collins.

¹ Although the Court's order specifies August 24, 2018, we have provided data through April 24, 2018, the day before Chris and Cameron were interviewed.

15. An analysis of phone records undertaken following the issuance of the Court's January 15 Order indicates that on April 25, 2018, Christopher Collins placed 3 phone calls to Cameron Collins; Cameron Collins placed 2 phone calls to Christopher Collins; and Christopher Collins placed 1 phone call to Dorothy Zarsky.
16. Please find enclosed copies of the settlements with the Securities and Exchange Commission referred to in paragraph 47 of the PSR. (Exhibit C)
17. The Government does not contend that Christopher Collins participated in an insider trading conspiracy that pre-dated the timeframe charged in the Indictment. However, in an effort to be responsive to the Court's inquiry, we disclose the following facts: On August 23, 2016, in the context of a conversation about Innate, Lauren Zarsky texted to another person that "we'll always keep in touch with Cam's dad who I'm guessing would know how things are looking as we get closer to the end of the trial." On August 29, 2016, in the context of a conversation about Innate, Lauren Zarsky texted to another person that she would make sure "Cam's dad keeps us in the loop." On September 7, 2016, in the context of a conversation about Innate, Lauren Zarsky texted to another person that "Cam is also going to call his dad to see if he has any updates."²
18. The Government does not have information on whether Christopher Collins left the picnic early on June 22, 2017.
19. The day that he was arrested, Christopher Collins held a press conference at which he stated, in part, "The charges that have been levied against me are meritless. I will mount a vigorous defense in court to clear my name. I look forward to being fully vindicated, and exonerated, ending any and all questions relating to my affiliation with Innate."
20. The Government intends to address this question at Christopher Collins's sentencing proceeding.
21. Based on a review of records in a law enforcement database, the Government's understanding is that the property in Marco Island, Florida was purchased in or about 2011 in the names of Cameron and Caitlin Collins, and that there was no mortgage. Information provided by counsel for Cameron Collins indicates that the home was purchased using the proceeds of other investments owned by Cameron and Caitlin.
22. The Government does not have information in response to this inquiry.
23. The Government is not aware of any practical impediment to Cameron Collins purchasing Innate stock on the OTC market between June 23 and June 26, 2017.
24. The Government does not have information in response to this inquiry.

² There also exists a text message exchange from the summer of 2016 in which Dorothy Zarsky expressed concern that information provided by Christopher Collins may be confidential, and Lauren Zarsky assured her that it was not.

25. The Government intended the term “select insiders” to refer to Innate board members and one outside consultant to Innate.
26. The Government’s views on this inquiry are set forth in its January 13, 2020 sentencing submission.

Respectfully submitted,

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/s/

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